

## Message Text

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DRAFTED BY EB/ORF/FSE:SWBOSWORTH:LS

APPROVED BY EB THOMAS O. ENDERS

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TO AMEMBASSY BRUSSELS IMMEDIATE

INFO USMISSION OECD PARIS IMMEDIATE

S E C R E T STATE 165677

NODIS

CAP STADIS

E.O. 11652: GDS

TAGS: ENRG

SUBJECT: STATUS OF PREPARATIONS FOR RESUMPTION OF PRODUCER-  
CONSUMER DIALOGUE.

1. PLEASE PASS FOLLOWING MESSAGE TO DAVIGNON FROM  
ASSISTANT SECRETARY ENDERS.

2. I WANT TO GIVE YOU OUR ASSESSMENT OF THE CURRENT STATE  
OF PLAY ON THE RESUMPTION OF THE DIALOGUE FOLLOWING OUR  
TALKS WITH THE FRENCH DURING SECRETARY KISSINGER'S VISIT  
TO PARIS LAST THURSDAY.

3. THE FRENCH NOW AGREE THAT THE DIALOGUE SHOULD RESUME  
WITH A SECOND MEETING OF THE KLEBER GROUP. THIS MEETING WOULD  
BE FOLLOWED BY A CONFERENCE AT MINISTERIAL LEVEL OF THE  
27 COUNTRIES TENTATIVELY AGREED UPON IN APRIL. BOTH  
MEETINGS WOULD BE SHORT, THOROUGHLY PREPARED, AND WITH  
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THE PURPOSE OF ESTABLISHING 3 COMMISSIONS ON ENERGY, RAW

MATERIALS, AND DEVELOPMENT.

4. ON THE QUESTION OF TIMING, THE FRENCH HAVE COME AROUND TO THE VIEW THAT IT IS NOT FEASIBLE TO TRY TO RECONVENE THE PREPARATORY MEETING BEFORE THE UN SPECIAL SESSION. THEY SHOWED SOME INITIAL PREFERENCE FOR A MEETING BEFORE THE SEPTEMBER OPEC SESSION, BUT I BELIEVE THEY NOW AGREE THAT THIS IS ALSO IMPRACTICABLE AND THAT WE SHOULD AIM FOR EARLY OCTOBER. THEY WOULD SHARE THE IEA VIEW THAT THERE SHOULD BE SOME ANNOUNCEMENT OF THE RECONVENING OF THE PREPARATORY MEETING AND SUBSEQUENT TIMETABLE BEFORE THE UN SPECIAL SESSION, I.E. BEFORE THE END OF AUGUST. ON THIS BASIS, WE WOULD ANNOUNCE WITHIN THE NEXT SEVERAL WEEKS THAT THE PREPARATORY MEETING WOULD RECONVENE IN EARLY OCTOBER. THE MINISTERIAL MEETING WOULD FOLLOW WITHIN APPROXIMATELY 60 DAYS AND THE COMMISSIONS COULD BEGIN THEIR WORK BEFORE THE END OF THE YEAR.

5. ON THE BASIS OF OUR BILATERAL TALKS WITH THE IRANIANS, SAUDIS, VENEZUELAN, AND BRAZILIANS, WE ARE CONFIDENT THAT THIS GENERAL APPROACH ON PROCEDURE AND TIMING WILL BE ACCEPTABLE TO THEM. HOWEVER, THERE ARE STILL SOME KEY POINTS WHICH REMAIN TO BE RESOLVED BOTH WITH THE FRENCH AND WITH THE SEVEN. ON THE QUESTION OF PARTICIPATION, THE FRENCH ARE SOMEWHAT VAGUE ABOUT OUR EARLIER UNDERSTANDING REACHED IN APRIL THAT THE 19 LDCS REPRESENTED AT THE CONFERENCE OF 27 WOULD INCLUDE 8 OPEC MEMBERS. WE BELIEVE THIS IS AN IMPORTANT CONDITION AND ONE WHICH WE MUST NAIL DOWN BEFORE CONVENING A SECOND PREPCON. THE FRENCH ALSO WANT TO LEAVE THE QUESTION OF MEMBERSHIP ON THE COMMISSIONS THEMSELVES IN THE HANDS OF THE TWO GROUPS

(THE 8 INDUSTRIALIZED REPRESENTATIVES AND THE 19 LDCS). WE CONTINUE TO PREFER OBJECTIVE CRITERIA FOR DETERMINING MEMBERSHIP ON THE COMMISSIONS, AND HAVE RECEIVED TENTATIVE ENDORSEMENT OF THIS APPROACH FROM VENEZUELA.

6. ON THE CRITICAL QUESTION OF THE AUTONOMY OF THE COMMISSIONS AND WHETHER THEY WILL REPORT BACK ON A SECOND CONFERENCE OF THE 27, THE FRENCH ARE NOW TALKING IN TERMS

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OF A "STOCK TAKING" MEETING OF THE 27 SOME 6 MONTHS AFTER THE FIRST MEETING AND THE LAUNCHING OF THE COMMISSIONS. THEY ARGUE THAT THIS SECOND MEETING CAN BE KEPT BOTH SHORT AND PROCEDURAL IN NATURE. WE CONTINUE TO HAVE RESERVATIONS ON THIS SCORE. IF THE LARGE CONFERENCE CAN MEET EVERY SIX MONTHS, SOON IT WILL BE MEETING FOR SIX MONTHS AT A TIME AND WILL HAVE PRACTICALLY PREEMPTED THE DIALOGUE, THEREBY CONDEMNING IT TO STERILITY. BUT WE

RECOGNIZE THAT PRESSURE IS BUILDING FOR SOME KIND OF A SCHEDULE, AND THIS IS A KEY ISSUE WE WILL WANT TO DISCUSS AT THE NEXT GOVERNING BOARD MEETING.

7. THE ROLE OF THE IEA IN THE RESUMED DIALOGUE IS ALSO STILL AT ISSUE. IN OUR VIEW, AGREEMENT TO RECONVENE THE PREPARATORY MEETING IN THE SAME FORMAT MEANS BY DEFINITION THAT THE IEA WILL BE PRESENT AS AN OBSERVER. WE CAN SEEK THROUGH PREVIOUS NEGOTIATION TO ESTABLISH THE COSMETICS OF THIS PRESENCE IN SUCH A WAY AS TO MINIMIZE THE POSSIBILITIES FOR CONFRONTATION WITH THE ALGERIANS. BUT WE CAN NOT AGREE TO EXCLUDE THE IEA FROM THE PREPARATORY MEETING. AS FOR THE MINISTERIAL MEETING OF 27, WE SHOULD CONSIDER IN THE IEA WHETHER IN FACT IEA PRESENCE IS REQUIRED SINCE THE SCOPE OF THAT MEETING WOULD COVER ALL ECONOMIC RELATIONS BETWEEN INDUSTRIALIZED AND DEVELOPING COUNTRIES. ON THE OTHER HAND, THE IEA MUST BE PRESENT AS AN OBSERVER WITH THE RIGHT TO SPEAK IN THE ENERGY COMMISSION.

8. THE FRENCH HAVE TOLD US THAT THEY PLAN TO CIRCULATE SOON TO THE GROUP OF TEN A PAPER LAYING OUT WHAT IN THEIR JUDGMENT COULD BE A BASIS FOR RESUMING THE DIALOGUE. THIS WOULD BE THE VEHICLE THROUGH WHICH AGREEMENT AMONG THE TEN WOULD BE CRYSTALLIZED AND ASSURANCE OBTAINED AGAINST ANOTHER FAILURE. IF WE RECEIVE THE FRENCH PAPER BEFORE THE JULY 28 GOVERNING BOARD MEETING, WE WOULD NOT PLAN TO RESPOND TO IT FORMALLY UNTIL AFTER WE HAVE HAD AN OPPORTUNITY FOR FULL IEA CONSULTATION AT THAT MEETING. IN THE MEANTIME, WE WILL CONTINUE OUR BILATERAL CONTACTS WITH THE SEVEN, AND UNDER SECRETARY ROBINSON NOW PLANS TO VISIT ALGERIA DURING THE WEEK OF JULY 21.

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9. AT THE JULY 28 GOVERNING BOARD MEETING, I THINK WE SHOULD TRY TO REACH AGREEMENT ON THE TIMETABLE AS WELL AS THE BASIC QUESTIONS OF FORMAT AND PROCEDURE. IN PARTICULAR, I THINK WE WILL HAVE TO REACH A POSITION ON THE "REPORTING BACK" ISSUE WHICH I VIEW AS THE KEY UNRESOLVED POINT.

10. I WILL BE SENDING YOU ANOTHER MESSAGE LATER THIS WEEK ON OUR PROPOSALS FOR MOVING AHEAD AT THE JULY 28 MEETING ON BOTH LONG TERM COOPERATION AND THE EMERGENCY SYSTEM. I BELIEVE IT IS PARTICULARLY IMPORTANT ON THE FORMER THAT WE MAKE STEADY PROGRESS TOWARD OUR DECEMBER 1 DATE, NARROWING EACH OF THE KEY ISSUES IN EACH MEETING AS WE DID DURING THE ECG NEGOTIATION OF THE IEP ITSELF. INGERSOLL

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